



---

## INTERIM SENATE APPROPRIATIONS COMMITTEE

Tuesday and Wednesday, October 12-13, 2021  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 9:00 a.m. on Tuesday, October 12, 2021.

**Members present:** Senators Ray Holmberg, Brad Bekkedahl, Kyle Davison, Dick Dever, Robert Erbele, Joan Heckaman, David Hogue, Karen K. Krebsbach, Tim Mathern, Dave Oehlke, Nicole Poolman, David S. Rust, Ronald Sorvaag, Terry M. Wanzek

**Members absent:** None

**Others present:** Senators Rich Wardner, Dickinson, and Donald Schaible, Mott, and Representative Michael Howe, West Fargo, members of the Legislative Management

Senators Dale Patten, Watford City; Kathy Hogan\*, Fargo; Oley Larsen, Minot; and David A. Clemens, West Fargo

Representatives Ruth Buffalo\*, Fargo; Sebastian Ertelt\*, Lisbon; Gary Kreidt, New Salem; Austen Schauer, West Fargo; Mike Brandenburg, Edgeley; Jeffery J. Magrum, Hazelton; Jon O. Nelson, Rugby; and Alisa Mitskog, Wahpeton

See [Appendix A](#) for additional persons present.

\*Attended remotely

### COMMITTEE DUTIES AND BACKGROUND

Mr. Brady A. Larson, Assistant Legislative Budget Analyst and Auditor, Legislative Council, presented a background memorandum entitled [Interim Senate Appropriations Committee - Background Memorandum](#). He noted:

- The committee has been assigned the following duties:

Review proposals to use funding from the State Fiscal Recovery Fund established through the federal American Rescue Plan Act of 2021 and develop recommendations for the use of funds.

Review legislative appropriations from the federal Coronavirus Capital Projects Fund and recommend any necessary changes to existing appropriations from the fund and develop recommendations regarding the use of any remaining available funding.

Consider any other budget adjustments requiring legislation necessary before the 2023 regular legislative session.

- The committee is to reconcile any differences in recommendations with the Interim Senate Appropriations Committee and work with the Legislative Council staff to prepare a bill draft implementing the recommendations for submission to the Legislative Management meeting on November 1, 2021.
- Legislative leadership established guidelines for the interim appropriations committees as they consider budget proposals. The guidelines are as follows:

The proposal must be for a one-time purpose.

Only proposals that must receive funding authorization before the 2023 regular legislative session should be considered. All other proposals should be considered during the 2023 regular legislative session.

Proposals should not appropriate funding from the general fund or the strategic investment and improvements fund.

All proposals received will be considered and the interim appropriations committees are to build their recommendations from a starting point of zero.

- Funding available from the federal State Fiscal Recovery Fund totals \$1,007,502,515. Funding available from the federal Coronavirus Capital Projects Fund totals \$113,276,228.

**ADJUSTMENT OF FEDERAL FUNDING SOURCES OF SELECTED PROJECTS**

Mr. Larson presented a bill draft [21.1108.01000] regarding adjusting the funding source of selected projects that received federal funding during the 2021 regular legislative session. He noted the bill draft:

- Adjusts the funding source for various projects approved by the 2021 Legislative Assembly from the federal Coronavirus Capital Projects Fund to the federal State Fiscal Recovery Fund.
- Identifies \$317 million appropriated in House Bill No. 1395 (2021) as from the federal State Fiscal Recovery Fund, of which at least \$200 million is for state road and bridge projects, up to \$100 million is for county bridge projects, and \$17 million is for townships.

**PROPOSALS TO USE FUNDS FOR INFORMATION TECHNOLOGY PROJECTS AND OTHER PURPOSES**

Mr. Larson presented a memorandum entitled [Proposals for Consideration by the Interim Appropriations Committees](#). The following proposals were presented regarding using federal funding from the American Rescue Plan Act for information technology projects and other purposes:

Item Number	Presenter	Subject Summary
83	Representative Ruth Buffalo, Fargo, Mr. Troy Seibel, Chief Deputy Attorney General, Attorney General's office, and Ms. Heidi Smith, Information Technology Director, Attorney General's office	\$300,000 for the establishment of a missing persons database
84	Mr. Jon J. Jensen, Chief Justice, North Dakota Supreme Court, and Ms. Heidi Smith, Information Technology Director, Attorney General's office	\$1 million for the replacement of the Attorney General's prosecuting case management system
85	Representative Jeff Delzer, Underwood	\$5,470,884 for statewide interoperable radio network radios
87	Mr. David Crothers, Executive Vice President, Broadband Association of North Dakota	\$60 million for rural broadband ( <a href="#">Appendix B</a> )
88-91	Mr. Shawn Riley, Chief Information Officer, Information Technology Department	\$58,901,000 for transformation of information technology services and process improvement, cybersecurity enhancements, mail digitization, and grants to the North Dakota Stockmen's Association to convert the brand inspection program to an electronic system ( <a href="#">Appendix C</a> )
92-94	Mr. Phillip Davis, Workforce Services Director, Job Service North Dakota and Mr. Darren Brostrom, Deputy Director, Job Service North Dakota	\$14,020,000 for a job placement, outreach program to populations with barriers to employment, and modernization of the unemployment insurance system ( <a href="#">Appendix D</a> )
95	Major General Alan S. Dohrmann, Adjutant General	\$450,000 for the replacement of state active-duty software ( <a href="#">Appendix E</a> )
96	Ms. Sally Holewa, State Court Administrator, Supreme Court	\$2,020,000 for the replacement of the Supreme Court docket system ( <a href="#">Appendix F</a> )
97	Mr. Larry Martin, Fiscal Management Analyst, Office of Management and Budget	\$20,000 for the development of a web-based document management system for the Office of Administrative Hearings
98-101	Mr. Doug Goehring, Agriculture Commissioner	\$17.6 million (Governor proposal) to \$40.6 million (Agriculture Commissioner proposal) for bioscience innovation grants, information technology upgrades, grants to veterinary clinics and auction markets, meat processor grants, and dairy improvements grants ( <a href="#">Appendix G</a> )

See [Appendix H](#) for proposal information submitted for committee consideration but not presented to the committee during the meeting.

**PROPOSALS TO USE FUNDS FOR OTHER PURPOSES**

Mr. Larson presented a memorandum entitled [Proposals for Consideration by the Interim Appropriations Committees](#). The following proposals were presented regarding using federal funding from the American Rescue Plan Act for other purposes:

<b>Item Number</b>	<b>Presenter</b>	<b>Subject Summary</b>
102	Senator Tim Mathern, Fargo, and Mr. Scott Skokos, Executive Director, Dakota Resource Council	\$24.6 million for an environmental quality incentives program, a conservation stewardship program, planting trees and erosion control management, a cover crop discount program, and soil conservation district equipment and operations ( <a href="#">Appendix I</a> )
103, 126, and 127	Senator Tim Mathern, Fargo	\$182 million for the expansion of human service programs (\$75 million), establishment of a program to incentivize employment at state and local public health units (\$7 million), and the establishment of a paid family leave program (\$100 million) ( <a href="#">Appendix J</a> )
104	Mr. Bruce Murry, Executive Director, North Dakota Association of Community Providers	\$2.5 million for retention bonuses for direct service professionals serving clients with intellectual or developmental disabilities
105	Senator Dick Dever, Bismarck, Ms. Veronica Zietz, Executive Director, Protection and Advocacy Project, and Mr. Bruce Murry, Executive Director, North Dakota Association of Community Providers	\$5.2 million for the transition of individuals from the Life Skills and Transition Center to community-based providers ( <a href="#">Appendix K</a> )
106	Senator Kathy Hogan, Fargo	\$6.15 million for the creation of a Hunger Free North Dakota Coalition to address ongoing and emerging food distribution challenges ( <a href="#">Appendix L</a> )
107	Representative Gary Kreidt, New Salem	\$45.8 million for congregate care facilities, including nursing, basic care, and assisted living facilities ( <a href="#">Appendix M</a> )
107	Ms. Shelly Peterson, President, North Dakota Long-Term Care Association	\$45.8 million for congregate care facilities, including nursing, basic care, and assisted living facilities ( <a href="#">Appendix N</a> )
108	Senator Dick Dever, Bismarck, Ms. Caprice Knapp, Director, Medical Services Division, Department of Human Services, Jessica Thomasson, Executive Policy Director, Department of Human Services, Dr. Rosalie Etherington, Superintendent, State Hospital, Department of Human Services, and Ms. Pamela Sagness, Director, Behavioral Health Division, Department of Human Services	\$54.35 million for Department of Human Services programs, including Medicaid eligibility system upgrades, renovation of the Life Skills and Transition Center, independent living support, child care assistance, child care for workers, nurse retention, child support system, a community behavioral health program, and substance use disorder treatment voucher system grants ( <a href="#">Appendix O</a> )
109	Senator David A. Clemens, West Fargo, Ms. Jill Chandler, Director, Women's Pregnancy Center, and Mr. Nathaniel Douglas, The Perry Center	\$1.5 million for the North Dakota Pregnancy Resource Network ( <a href="#">Appendix P</a> )
111	Ms. Pamela Sagness, Director, Behavioral Health Division, Department of Human Services	\$4 million for a community-based behavioral health program ( <a href="#">Appendix Q</a> )
112-113	Ms. Jessica Thomasson, Executive Policy Director, Department of Human Services	\$16.35 million for an early childhood workforce tuition waiver program (\$6.75 million) and public-private partnerships to invest in child care (\$9.6 million) ( <a href="#">Appendix R</a> )
114	Major General Alan S. Dohrmann, Adjutant General	\$4.5 million for Camp Grafton housing enhancements ( <a href="#">Appendix E</a> )
115	Ms. Veronica Zietz, Executive Director, Protection and Advocacy Project	\$181,186 for emergency services system enhancements and training for first responders for persons with disabilities ( <a href="#">Appendix S</a> )
118	Senator Donald Schaible, Mott	\$100,000 for allocations of \$88 per student to school districts not eligible for Elementary and Secondary School Emergency Relief (ESSER) funds
119	Ms. Maria Neset, Policy Advisor, Governor's office and Senator Donald Schaible, Mott	\$2.5 million for school board governance and leadership training ( <a href="#">Appendix T</a> )

Item Number	Presenter	Subject Summary
120	Ms. Jodi Smith, Commissioner, Department of Trust Lands*	\$200,000 to post all land owned by the Department of Trust Lands with coded posted signs for hunting
121	Representative Austen Schauer, West Fargo	\$1 million to assist in the construction of a Fisher House at the Fargo Veterans' Affairs Medical Center (FVAMC) for families of patients receiving services at the FVAMC ( <a href="#">Appendix U</a> )
121	Mr. Lonnie Wangen, Chairman, Fisher House North Dakota	\$1 million to assist in the construction of a Fisher House at the FVAMC for families of patients receiving services at the FVAMC ( <a href="#">Appendix V</a> )
122	Mr. Lonnie Wangen, Commissioner, North Dakota Department of Veterans' Affairs	\$147,000 for the improvement and expansion of veteran medical transportation

\*Testimony submitted in opposition to the proposal.

See [Appendix W](#) for proposal information submitted for committee consideration but not presented to the committee during the meeting.

**Comments by Interested Persons**

Mr. Dan Bjerknes, President, Catholic Health Initiatives St. Alexius Health, Williston, and Ms. DeeAnna Opstedahl, Vice President of Patient Care Services/Interim President, Catholic Health Initiatives St. Alexius Health, Dickinson, presented information ([Appendix X](#)) regarding a proposal to provide funding for an inpatient psychiatric unit at Catholic Health Initiatives St. Alexius Health, Dickinson.

**PROPOSALS TO USE FUNDS FOR ECONOMIC DEVELOPMENT AND OTHER PURPOSES**

Mr. Larson presented a memorandum entitled [Proposals for Consideration by the Interim Appropriations Committees](#). The following proposals were presented regarding using federal funding from the American Rescue Plan Act for economic development projects and other purposes:

Item Number	Presenter	Subject Summary
128	Mr. Scott Skokos, Executive Director, Dakota Resource Council	\$1.2 million for grants to purchase equipment to improve the industrial hemp supply chain
129	Senator David Hogue, Minot	\$55 million for a medical facilities infrastructure revolving loan fund ( <a href="#">Appendix Y</a> )
130	Representative Mike Brandenburg, Edgeley	\$42.25 million for a fuel production facility loan forgiveness program ( <a href="#">Appendix Z</a> )
130	Mr. Gerald Bachmeier, Chief Executive Officer, Red Trail Energy, LLC	\$42.25 million for a fuel production facility loan forgiveness program ( <a href="#">Appendix AA</a> )
133	Representative Jeffery J. Magrum, Hazelton and Ms. Jan Wangler, Bismarck	\$1,007,502,515 for direct payments of approximately \$1,293 to every resident of the state affected by the Coronavirus (COVID-19) pandemic ( <a href="#">Appendix BB</a> )
134	Mr. James Leiman, Commissioner, Department of Commerce	\$15 million for the innovation technology loan fund (LIFT) program
135	Mr. James Leiman, Commissioner, Department of Commerce	\$200 million to create a western North Dakota multifamily dwelling distressed asset program to assist owners of multifamily rental units
136	Senator Oley Larsen, Minot	\$750 million for a Farm to Pharma Center of Excellence in Minot ( <a href="#">Appendix CC</a> )
136	Mr. Rajan V. Vembu, President, U.S. Foods and Pharmaceuticals, Inc.	\$750 million for a Farm to Pharma Center of Excellence in Minot ( <a href="#">Appendix DD</a> )
137	Representative Michael Howe, West Fargo	\$35 million for the Grand Farm Initiative, including facility planning, development, infrastructure, and construction (\$25 million), project management (\$6 million), and workforce development (\$4 million) ( <a href="#">Appendix EE</a> )

Item Number	Presenter	Subject Summary
137	Mr. Greg Tehven, Chief Executive Officer and Co-Founder, Emerging Prairie and the Grand Farm Education and Research Institute	\$35 million for the Grand Farm Initiative, including facility planning, development, infrastructure, and construction (\$25 million), project management (\$6 million), and workforce development (\$4 million) ( <a href="#">Appendix FF</a> )
138	Representative Jon O. Nelson, Rugby	\$2.5 million for a new hospital facility in Rugby
139	Representative Jon O. Nelson, Rugby	\$500,000 for the replacement of ski lifts and other equipment at the Bottineau Winter Park
140	Senator Dick Dever, Bismarck	\$5 million for grants of up to \$75,000 for nonprofit organizations to address community development and quality of life issues
141	Mr. James Leiman, Commissioner, Department of Commerce	\$20 million for hydrogen development grants
142	Representative Alisa Mitskog, Wahpeton	\$20 million for grants to small businesses impacted by the COVID-19 pandemic which have not previously been awarded COVID-19 impact grants
143	Mr. Tim Blasl, President, North Dakota Hospital Association	\$8 million for a frontline health care workers recruitment program ( <a href="#">Appendix GG</a> )
144-152	Mr. James Leiman, Commissioner, Department of Commerce	\$134,855,000 for Department of Commerce programs, including a hydrogen development program (\$20 million), expansion of the beyond visual line of sight unmanned aircraft system (Vantis) program (\$10 million), an autonomous agriculture matching grant program (\$10 million), a statewide workforce incentive grant program (\$10 million), a local workforce development incentive grant program (\$25.54 million), a technical skills training grant program (\$3.24 million), a workforce innovation grant program (\$10 million), a regional and community attraction grant program (\$10 million), a workforce housing redevelopment grant program (\$21,075,000), and the LIFT program (\$15 million) ( <a href="#">Appendix HH</a> )
153	Senator Tim Mathern, Fargo	\$400 million for child care services, including \$200 million to provide \$1,400 annually to licensed child care facilities for each full-time child cared for by the facility and \$200 million for grants to schools to construct child care facilities on school property ( <a href="#">Appendix J</a> )
153	Senator Joan Heckaman, New Rockford	\$400 million for child care services, including \$200 million to provide \$1,400 annually to licensed child care facilities for each full-time child cared for by the facility and \$200 million for grants to schools to construct child care facilities on school property ( <a href="#">Appendix II</a> )
154	Mr. Aaron Barth, Executive Director, Fort Abraham Lincoln Foundation	\$1.2 million for grants to the Fort Abraham Lincoln Foundation, including for a parking lot project (\$750,000), the replacement of the Lewis and Clark Riverboat engine (\$165,000), and deferred maintenance at The Post in Mandan (\$285,000)
155	Senator Tim Mathern, Fargo	Provide a refundable \$1,000 tax credit for every resident of the state who is vaccinated by November 15, 2021, including those who have already been vaccinated
156	Senator Dick Dever, Bismarck, and Mr. Ryan Rauschenberger, Tax Commissioner	\$207 million to provide a nonrefundable \$500 individual income tax credit for 2021 and 2022

See [Appendix JJ](#) for proposal information submitted for committee consideration but not presented to the committee during the meeting.

### PROPOSALS FOR OTHER BUDGET ADJUSTMENTS

Mr. Larson presented a memorandum entitled [Proposals for Consideration by the Interim Appropriations Committees](#). The following proposals were presented regarding adjustments to the state budget approved during the 2021 regular legislative session:

Item Number	Presenter	Subject Summary
<b>Governor's Proposal for Use of the Coronavirus Capital Projects Fund</b>		
1-3	Mr. James Leiman, Commissioner, Department of Commerce	\$113,276,228 from the federal Coronavirus Capital Projects Fund, including for career academies as appropriated in House Bill No. 1015 (2021) (\$70 million), additional funding for career academies with no matching requirements (\$10 million), and broadband infrastructure grants (\$33,276,228)
<b>Other Fiscal Items</b>		
1	Senator Ray Holmberg, Grand Forks	\$3,014,975 from the federal Local Fiscal Recovery Fund to be provided to cities from the State Treasurer
2	Senator Ray Holmberg, Grand Forks	\$750,000 to reauthorize the University of North Dakota to use Bank of North Dakota profits for campus network upgrades
3	Senator Rich Wardner, Dickinson, and Mr. Wayne Stenehjem, Attorney General	\$509,018 from the Attorney General refund fund for State Crime Laboratory salaries
4	Senator Donald Schaible, Mott	\$10 million from ESSER funds to reduce school funding by \$88 per student to reimburse the state for state automated reporting system and statewide longitudinal data system upgrades
5-16	Mr. Jonathan Alm, Attorney III, Department of Human Services	<p>Various Department of Human Services requests (<a href="#">Appendix KK</a>), including providing:</p> <ul style="list-style-type: none"> <li>• The authorization for 16 full-time equivalent (FTE) positions transferred from human service zones</li> <li>• Spending authority due to an increase in the federal medical assistance percentage (\$79.6 million)</li> <li>• Spending authority for Medicaid postpartum coverage (\$600,000)</li> <li>• Spending authority for the Lifespan Respite grant (\$386,690)</li> <li>• Reauthorizing the Vulnerable Adult Protection Services grant (\$1,936,350)</li> <li>• Spending authority for a supplemental nutrition assistance program verification database (\$239,558)</li> <li>• Spending authority for the Children and Family Services transition Title IV-B grant (\$1,168,347)</li> <li>• Line item transfer authority</li> <li>• Spending authority for the free through recovery program (\$3.3 million)</li> <li>• Carryover authority for \$200,000 received by the State Hospital from the United States Department of Health and Human Services</li> <li>• Spending authority for the Money Follows the Person capacity fund (\$5 million)</li> <li>• Spending authority for the Randolph Shepard Vocational Rehabilitation funding received from the federal Department of Education (\$22,663)</li> </ul>
17	Senator Rich Wardner, Dickinson	Provide legislative intent to use \$2 million of ESSER funds received by the Department of Public Instruction to provide coursework and training for teacher credentialing and to provide assistance to the Center for Distance Education to deliver courses to school districts unable to secure a qualified teacher and related statutory changes to instruction and graduation requirements ( <a href="#">Appendix LL</a> )
18	Senator Rich Wardner, Dickinson, and Ms. Janilyn Murtha, Interim Executive Director, Retirement and Investment Office	Authorize 4 new FTE positions for the Retirement and Investment Office ( <a href="#">Appendix MM</a> )

Item Number	Presenter	Subject Summary
<b>Governor's Proposal for Use of Excess General Fund Revenues</b>		
1-6	Mr. Joe Morrissette, Director, Office of Management and Budget	\$407 million from the general fund, including funding for an individual income tax credit for 2021 (\$207 million), the LIFT program (\$15 million), the North Dakota development fund (\$15 million), agriculture and energy higher education research grants (\$20 million), the clean sustainable energy fund (\$50 million), and \$100 million to be transferred to the Public Employees Retirement System main system defined benefit fund based on the outcome of the legislative study regarding the closure of the defined benefit plan (\$100 million) ( <a href="#">Appendix NN</a> )
5	Mr. Al Anderson, Director, Clean Sustainable Energy Authority	\$50 million from the general fund for the clean sustainable energy fund ( <a href="#">Appendix OO</a> )

**Comments by Interested Persons**

Senator Bekkedahl and Mr. Shawn Kessel, Deputy Commissioner, Department of Commerce, presented information regarding a request to approve technical corrections related to the timing of matching requirements for the beyond visual line of sight unmanned aircraft system grant and tourism grants authorized by the 2021 Legislative Assembly for the Department of Commerce to administer during the 2021-23 biennium.

No further business appearing, Chairman Holmberg adjourned the meeting at 2:05 p.m. on Wednesday, October 13, 2021.

---

Brady A. Larson  
Assistant Legislative Budget Analyst and Auditor

---

Alex J. Cronquist  
Senior Fiscal Analyst

---

Levi Kinnischtzke  
Senior Fiscal Analyst

ATTACH:41